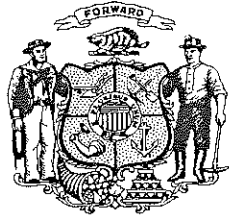


STATE OF WISCONSIN

SENATE CHAIR
MARK MILLER

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-9170



ASSEMBLY CHAIR
MARK POCAN

309 East, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-8570

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Mark Miller
Representative Mark Pocan

Date: August 17, 2010

Re: SWIB Quarterly Report

Attached is a report on all expenses that were charged directly to funds managed by the State of Wisconsin Investment Board (SWIB) during the quarter ending June 30, 2010, pursuant to s. 25.17(13m), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP:jm



RECEIVED
AUG 17 2010
BY: St. Finance

August 13, 2010

Senator Mark Miller, Co-Chair
Joint Committee on Finance
P.O. Box 7882
Madison WI 53707-7882

Representative Mark Pocan, Co-Chair
Joint Committee on Finance
P.O. Box 8952
Madison WI 53708-8952

Senator Kathleen Vinehout, Co-Chair
Joint Committee on Audit
P.O. Box 7882
Madison WI 53707-7882

Representative Peter Barca, Co-Chair
Joint Committee on Audit
P.O. Box 8952
Madison WI 53708-8952

Mr. Daniel Schooff, Secretary
Department of Administration
101 East Wilson Street
P.O. Box 7864
Madison, WI 53707-7864

Dear Senator Miller, Senator Vinehout, Representative Pocan, Representative Barca and Secretary Schooff:

As required by Section 25.17 (13m), I have attached our quarterly report listing all expenses that were charged directly to funds managed by the State of Wisconsin Investment Board (SWIB) during the quarter ending June 30, 2010. In addition to the expenses charged to the funds, the report also contains a comparison of assets managed internally and externally for the past four quarters.

The statutes authorize SWIB to employ special legal or investment counsel in any matter arising from the scope of our investment authority and to employ professionals, contractors or agents to evaluate or operate any property in which SWIB has an interest. SWIB may also contract with external advisers to manage various types of investments. Expenses for these services are directly charged to the current income of the fund for which the services were furnished.

This report lists expenses on an accrual basis – when the costs were incurred rather than paid. Providing the information on an accrual basis gives a better picture of quarter to quarter trends in services that are directly charged to the funds. A negative charge typically indicates an adjustment to expenses accrued in a prior quarter or a refund of expenses that were prepaid and subsequently adjusted.

The following highlights changes from the previous quarter:

- During the second quarter, custodial fees were nearly 35% less than in the first quarter. The base contract with the custodian is approximately \$125,000 per quarter. The difference from one quarter to the next is due primarily to the variable banking fees and any credits received during the period.

- Private equity costs increased approximately \$600,000 or 2.8% from the prior quarter but remained on par with average costs for the last four quarters. During the last quarter, SWIB made six new private equity investments, which increased costs by \$2.6 million. Those costs, however, were reduced by \$2 million for existing private equity investments that lowered overall costs. Due to the continued depressed real estate market, SWIB has entered into relatively few new real estate investments in the past few years. As a result, real estate costs increased only slightly from the prior quarter.
- Overall fees for investment counsel were 2.7% less during the second quarter than in the prior quarter. Legal fees, which vary depending on legal work performed during a given quarter, increased in the second quarter. This was primarily for legal work related to private equity, private debt and real estate investments.

Attachment A lists all expenses by category. Attachment B provides further explanation about the various expenditure categories. Attachment C includes legal expenses that were capitalized at the time of acquisition or directly associated with the ongoing activity of an asset, such as appraisals or bankruptcy costs. Unlike other expenses listed in this report, these expenses are reflected in the value of the asset or are netted against gross returns of the asset, consistent with standard industry practices.

Attachment D shows that the percent of Wisconsin Retirement System (WRS) assets managed internally and externally remained relatively flat over the last two quarters. At the end of the second quarter 2010, SWIB was managing 44.6% of assets internally compared to 44.8% at the end of the first quarter and 20.7% at the end of 2007. SWIB was able to reduce overall costs by bringing more assets in-house for management after it received increased staff and budget authority in 2007 and 2008. The agency is preparing to transfer the assets from an external international index fund to internal management, which will increase the assets managed internally to approximately 50%.

We hope this report gives you a clear picture of external expenditures associated with the trust funds' management. Please contact me, however, if you have any questions or comments about the report.

Sincerely,


Keith Bozarth
Executive Director

Attachments

cc: Members, Joint Committee on Finance
Members, Joint Committee on Audit
Robert Lang, Legislative Fiscal Bureau
Janice Mueller, Legislative Audit Bureau

STATE OF WISCONSIN INVESTMENT BOARD
Direct Charges to All Funds Under Management - Accrual Basis
Quarter Ending June 30, 2010

Charge Category	Service Provided	Charges
Custodial and Banking Fees		
Bankers' Bank	Wisconsin CD Program	\$2,500
BNY Mellon	Master Custody Services	115,213
US Bank	State Banking Services	139
Total Custodial and Banking Fees		\$117,852
Legal Fees, Services and Expenses		
Foley & Lardner	Private Markets Investment Transactions	53,660
Michael Best & Friedrich	Litigation & Private Markets Investment Transactions	12,538
Quarles & Brady	Litigation & Private Markets Investment Transactions	8,009
Stafford Rosenbaum, LLP	Securities Litigation	14,463
Total Legal Fees, Services and Expenses		\$88,670
Investment Counsel		
Angle Vista LLC	Investment Risk Consulting	40,500
Arrowhead Credit Research	Short-Duration Credit Securities Research	1,000
BCA Publications	Global & Domestic Fixed Income Strategy Research	23,377
BioCentury Publications	Biotech Stock News	1,249
Bloomberg, LP	Market, Company, Industry & Benchmark Information	417,616
CanDeal.ca Inc.	Canadian Government Bond Trading Service	1,050
CEM Benchmarking Inc.	Comparative Cost and Investment Performance Analysis	(4,975)
Charles River Systems, Inc.	Portfolio Management Software	92,483
Cliffwater LLC	Hedge Fund Investment Consulting	175,000
Connexifi LLC	Supply Chain Data	3,750
Council of Institutional Investors	Corporate Governance	7,500
Courtland Partners	Performance Monitor Reporting	71,250
Covenant Review, LLC	Corporate Bond Research	8,748
Credit Sights	Credit Assessments	18,750
Cross Current Research, LLC	Healthcare Sector Research	5,000
Cutter Associates	Investment Research Management System Consultant	34,888
Data Broadcasting Corporation - CMS Bond Edge	Pricing Service	11,265
Data Explorers Limited	Securities Lending Analysis	3,315
Davis Mendel & Regenstein, Inc.	Online Investment Reports	11,250
Dow Jones & Co	Company and Industry News Service	10,866
Earley & Associates	Records Information Management Consulting	2,550
Ennis, Knupp & Associates	Fiduciary & Governance Consulting	82,699
Factset Data Systems	Financial & Economic Database	101,953
Financial Tools, Inc.	Financial Statement Spreadsheet Software License	325
Fitch Info., Inc.	Credit Rating Service	1,838
Funston Advisory Services LLC	Board Speaker	5,601
FX Alliance LLC	Electronic Platform for Trading Foreign Currencies	2,880
Gartner, Inc.	Technology Sector Research	10,626
Gimme Credit	Credit Research	4,936
Hamilton Lane Advisors, LLC	Private Equity Consulting/Reporting Services	300,000

Charge Category	Service Provided	Charges
Haver Analytics	Global Macroeconomic Research	16,902
iMoneyNet, Inc	Money Market Fund Database	11,576
Institutional Investor	Global Fixed Income Institute Membership	8,497
Interfaith Center On Corporate Responsibility	Social Investing Research	(500)
Jefferson Wells International	Risk Advisory Services	6,678
KPA Advisory Services	Investment Organization Research	1,125
Lombard Street Research	Global Economic Analysis	23,955
London Stock Exchange PLC	London Stock Exchange Data	7,365
Market Axess Corporation	Bond and Yield Pricing	600
McLagan Partners	Investment Staff Compensation Comparison	17,500
Moody's Analytics, Inc.	Economic, Currency & Bond Analysis	2,250
Morgan Stanley Capital International	Developed Markets Security Data	36,040
Morningstar, Inc.	Benchmark & Performance Data	531
National Council of Real Estate Investment Fiduciaries	Real Estate Performance	623
New York Stock Exchange	New York Stock Exchange Data	6,790
Pivot Inc.	Trade Desk Collaboration Services	250
Platts	European Power Markets Research	424
Prequin	Real Estate Online Database	1,080
Property & Portfolio Research	Real Estate Consulting & Electronic Services	27,500
QTI Professional Staffing, Inc	Investment Staff Recruitment Consulting	57,420
Quantitative Services Group LLC	Access to Quantitative Data	31,455
Reuters America Inc.	News, Economic & Company Research & Analytics	2,995
RiskMetrics Group	Volatility and Correlation Data/Proxy Voting Analysis	41,552
Russell Investment Group	Index Data Feeds	7,500
Salomon Analytics Yield Book	Fixed Income Portfolio Risk & Optimization Modeling/Analysis	15,000
SNL Financial	Customized Analysis of Bank Investments	11,250
Standard & Poor's	Industry & Corporate Research	66,322
StepStone Group LLC	Private Equity consultant	193,750
Strategic Economic Decisions	Research Reports	6,251
Strategic Investment Solutions, Inc.	Asset Allocation & Benchmark Consulting	70,000
StreetAccount LLC	Tracks Portfolio and Historical Information	1,650
Telsey Advisory Group	Consumer Sector Research	31,247
The Corporate Library	Proxy Voting Research Data	4,875
The Markets.com	Detailed Research Service	5,907
The World Markets Company PLC	Closing Spot and Closing Forward Rates	2,085
Thomson Reuters (Markets) LLC	Electronic Research Pricing (Autex, StreetEvents, FirstCall)	96,980
Toronto Stock Exchange	Market Data/Traders	4,698
Trade Web	On-Line Fixed Income Trading Service	7,800
Tradeweb Markets, LLC	Electronic Research Pricing	750
Wilshire Associates	Performance Measurement, Portfolio Management & Analytics	113,000
Wolfe Trahan & Co	Transportation and Macro Research	7,500
World Bank Publications	Historical Emerging Market Countries Macroeconomic Data	189
Total Investment Counsel		\$2,396,650

Real Estate Investment Management Services

Apollo Advisors	Real Estate Management Services	(8,351)
Archstone - Smith Trust	Real Estate Management Services	206,706
Berkshire Property Advisors, LLC	Real Estate Management Services	364,919
Blackstone Management Partners VI LLC	Real Estate Management Services	562,500
Bristol Group, Inc.	Real Estate Management Services	52,112

Charge Category	Service Provided	Charges
BVP Managers, LLC	Real Estate Management Services	350,072
Callahan Capital	Real Estate Management Services	355,608
Capital Trust	Real Estate Management Services	429,746
Centerline Capital Group	Real Estate Management Services	187,500
Cornerstone Real Estate Advisors	Real Estate Management Services	232,943
Essex VFGP	Real Estate Management Services	125,000
Fortress Investment Corp.	Real Estate Management Services	964,593
Goldman Sachs & Co.	Real Estate Management Services	51,091
Guggenheim Structured Real Estate Advisors, LLC	Real Estate Management Services	64,967
Hawkeye Partners LP	Real Estate Management Services	95,524
Heitman Capital Management Corp.	Real Estate Management Services	32,748
Henderson Global Investors (North America) Inc.	Real Estate Management Services	309,794
Hudson Advisors	Real Estate Management Services	306,460
Invesco Realty Advisors, Inc.	Real Estate Management Services	216,452
JP Morgan Investment Management	Real Estate Management Services	791,490
Kensington Realty Advisors	Real Estate Management Services	77,080
Koll Bren Realty Advisors	Real Estate Management Services	321,018
KTR Capital Partners	Real Estate Management Services	556,068
Landmark Realty Advisors	Real Estate Management Services	3,512
Lazard Freres	Real Estate Management Services	84,546
Lowes Structured Real Estate	Real Estate Management Services	102,343
Mesa West Capital LLC	Real Estate Management Services	353,177
MMA Realty Capital	Real Estate Management Services	2,786
Morgan Stanley	Real Estate Management Services	424,825
Northwestern Mutual Life	Real Estate Management Services	6,240
Prudential (senior housing)	Real Estate Management Services	128,468
Rockpoint Group LLC	Real Estate Management Services	371,817
Rockspring Property Investment Managers	Real Estate Management Services	97,778
RREEF	Real Estate Management Services	404,934
Security Capital	Real Estate Management Services	192,305
Sentinel Realty Advisors Corp.	Real Estate Management Services	50,802
Westbrook Real Estate	Real Estate Management Services	609,122
Total Real Estate Investment Management Services*		\$9,478,695

Private Equity Management

3I Europe Investment Partners	Private Equity Management	(12,100)
Advent International GPE VI, L.P.	Private Equity Management	202,500
Alchemy Partners	Private Equity Management	88,300
Alta Communications IX, LP	Private Equity Management	186,800
American Securities Opportunities Fund II, L.P.	Private Equity Management	136,600
American Securities Opportunities Fund, LP	Private Equity Management	189,700
American Securities Partners V, L.P.	Private Equity Management	284,100
Ampersand Ltd Partnership	Private Equity Management	92,000
Apollo European Principal Finance Fund, L.P.	Private Equity Management	128,800
Apollo Investment Fund IV LP	Private Equity Management	5,000
Apollo Investment Fund VII, L.P.	Private Equity Management	301,100
Ares Corporate Opportunities Fund II, LP	Private Equity Management	92,300
Ares Corporate Opportunities Fund III, L.P.	Private Equity Management	375,000
Ares Corporate Opportunities Fund, LP	Private Equity Management	37,500
Asia Recovery Fund	Private Equity Management	(52,700)

Charge Category	Service Provided	Charges
Avenue Europe Special Situations Fund, L.P.	Private Equity Management	236,400
Avenue Special Situations Fund V, L.P.	Private Equity Management	281,300
Avenue Special Situations Fund VI, L.P.	Private Equity Management	3,900
Baird Venture Partners	Private Equity Management	68,900
Baird Venture Partners III	Private Equity Management	156,300
BC European Capital	Private Equity Management	(25,500)
Bear Stearns	Private Equity Management	32,800
Bear Stearns Merchant Capital	Private Equity Management	299,400
Birch Hill Equity II	Private Equity Management	28,600
Blackstone Management Partners V LLC	Private Equity Management	209,300
Boston Millennia	Private Equity Management	93,800
Bridgepoint Europe III A LP	Private Equity Management	(6,000)
Bridgepoint Europe IV, L.P.	Private Equity Management	321,500
Callius Partners IV, L.P.	Private Equity Management	250,000
Capital International Global	Private Equity Management	13,700
Capital Res Partners IV LP	Private Equity Management	6,400
Capital Resource Lenders III	Private Equity Management	10,100
Carlyle Asia Ltd.	Private Equity Management	39,800
Carlyle Partners IV, LP	Private Equity Management	83,100
Carlyle Partners V, L.P.	Private Equity Management	284,900
Cerberus Institutional Partners LP	Private Equity Management	390,000
Charterhouse	Private Equity Management	52,100
Charterhouse Capital Partners IX, L.P.	Private Equity Management	503,200
Charterhouse VIII	Private Equity Management	138,800
Clessidra Capital Partners II	Private Equity Management	187,800
Coller International	Private Equity Management	83,100
Coller International V LP	Private Equity Management	188,500
CVC European Equity Partners IV	Private Equity Management	87,700
Cypress Advisors, LP	Private Equity Management	27,700
DAG Ventures IV, LP	Private Equity Management	136,600
Doll Technology Invst Fd II LP	Private Equity Management	15,000
Drug Royalty II, S.ar.l.	Private Equity Management	217,800
El Dorado Ventures	Private Equity Management	165,600
EQT V, L.P.	Private Equity Management	201,300
Essex Woodlands Hlth Venture V	Private Equity Management	6,600
FFC Partners II, LP	Private Equity Management	51,700
Fortress Invest Fund II LLC	Private Equity Management	6,200
Fortress Invest Fund IV (Coinvestment Fund A) LP	Private Equity Management	44,800
Fortress Invest Fund IV (Fund A) LP	Private Equity Management	64,700
Fortress RIC	Private Equity Management	24,700
Fortress V	Private Equity Management	199,800
Fortress V Coinvestment	Private Equity Management	70,300
Frazier	Private Equity Management	156,400
Friedman Fleischer & Lowe Capital Partners III, L.P.	Private Equity Management	300,100
Gores Capital Partners II, LP	Private Equity Management	8,000
Graphite	Private Equity Management	381,400
Green Equity Partners V	Private Equity Management	372,600
GS Special Opptys Asia Fd LP	Private Equity Management	3,900
GTCR	Private Equity Management	148,000

Charge Category	Service Provided	Charges
Hamilton Lane Co-Investment Fund II, L.P.	Private Equity Management	125,000
Harbourvest International	Private Equity Management	101,300
Hellman & Friedman Capital Partners VII, L.P.	Private Equity Management	1,195,800
Hellman & Friedman Capital VI	Private Equity Management	373,100
IGP II	Private Equity Management	600
Insight Equity II, L.P.	Private Equity Management	215,300
Insight Equity Mezzanine I, L.P.	Private Equity Management	56,300
Kelso Investment VII LP	Private Equity Management	79,200
Kelso VIII	Private Equity Management	375,000
KKR 2006 Fund LP	Private Equity Management	436,000
KKR European Fund III, L.P.	Private Equity Management	245,500
KKR European II	Private Equity Management	154,500
Kohlberg Investors VI, LP	Private Equity Management	242,700
Kohlberg Kravis Roberts & CO	Private Equity Management	30,500
KRG Capital Fund IV - A, L.P.	Private Equity Management	71,800
KRG Capital Fund IV, L.P.	Private Equity Management	358,800
Lake Pacific I Gladson, LLC	Private Equity Management	35,000
Lake Pacific Partners, LLC	Private Equity Management	35,000
Lindsay Goldberg and Bessemer II	Private Equity Management	321,800
Lindsay Goldberg III, LP	Private Equity Management	405,400
Lone Star Fund IV LP	Private Equity Management	6,000
Lone Star Fund VI	Private Equity Management	(44,900)
Lone Star Fund VII	Private Equity Management	787,500
Mason Wells Partners I, LLC	Private Equity Management	75,900
Mayfield XI LP	Private Equity Management	25,700
Montreux Equity Partners IV, L.P.	Private Equity Management	175,900
New Mountain Partners III, L.P.	Private Equity Management	409,700
Northwestern Mutual Capital Mezzanine Fund I, L.P.	Private Equity Management	147,600
Oak Investment Partners XII, LP	Private Equity Management	250,000
OCM Opportunities Fund VII	Private Equity Management	130,000
OCM Opportunities Fund VIIb, L.P.	Private Equity Management	206,400
Old Lane India Opportunities Fund-T, LP	Private Equity Management	90,400
Peninsula Fund IV LP	Private Equity Management	250,000
Peninsula Fund V L.P.	Private Equity Management	81,800
Pennisula Fund	Private Equity Management	56,600
Pomona Capital	Private Equity Management	(1,100)
Pomona Capital VII, L.P.	Private Equity Management	(99,800)
Providence Equity Partners VI, LP	Private Equity Management	545,500
Providence TMT Special Situations Fund	Private Equity Management	151,700
Providence V	Private Equity Management	76,200
Riverstone/Carlyle GE&P IV	Private Equity Management	354,800
Seaport Capital Partners II	Private Equity Management	43,500
Segulah IV, L.P.	Private Equity Management	120,900
SKM Equity Fund III, LP	Private Equity Management	12,600
Sprout	Private Equity Management	1,200
Sterling Group Partners III, L.P.	Private Equity Management	244,200
Stonington Partners	Private Equity Management	15,100
TA X	Private Equity Management	131,800
TAC 2007, L.P.	Private Equity Management	25,600

Charge Category	Service Provided	Charges
TCV VII	Private Equity Management	253,700
Thomas H Lee Manager's V, LLC	Private Equity Management	16,200
Thomas Lee VI	Private Equity Management	263,100
TowerBrook Investors III, L.P.	Private Equity Management	140,400
TPG Partners V, LP	Private Equity Management	2,100
TPG Partners VI, LP	Private Equity Management	522,300
Trident IV, L.P.	Private Equity Management	213,700
Trident V, L.P.	Private Equity Management	186,500
Venture Investors	Private Equity Management	56,300
Venture Investors Early Stage Fund IV	Private Equity Management	156,300
Vista Equity Partners Fund III, L.P.	Private Equity Management	136,600
Warburg Pincus Private Equity IX, L.P.	Private Equity Management	318,500
Warburg Pincus Private Equity X, L.P.	Private Equity Management	561,800
Waterland Private Equity Fund IV, C.V.	Private Equity Management	203,000
Wayzata Opportunities Fund II	Private Equity Management	469,100
Windpoint Partners V LP	Private Equity Management	100,800
Windpoint Partners VI LP	Private Equity Management	11,400
Windpoint Partners VII, LP	Private Equity Management	139,100
Total Private Equity Management**		\$21,558,300

Commingled Account Public Market Management Fees

BlackRock Institutional Trust Company N.A.	Quantitative/Enhanced & Index Fund Management	2,103,433
Boston Company, The	Equity Emerging Market Management	1,521,667
Callan Associates Inc.	Fund-of-Funds Small Cap Equity Management	840,114
Capital Guardian Trust Company	Global High Yield Fixed Income Management	522,553
Grantham, Mayo, Van Otterloo	Fixed Income Emerging Market Management	338,128
LSV Asset Management	Quantitative/Enhanced & Index Fund Management	839,704
T. Rowe Price Trust Company	Equity Emerging Market Management	1,997,038
UBS Global Asset Management	Multi-Asset Management	656,168
Total Commingled Account Public Market Management Fees		\$8,818,806

Separate Account Public Market Management Fees

Aberdeen Asset Management	Global Fixed Income/Emerging Active Management	594,870
Acadian Asset Management	International Equity Active Management	1,314,875
AEW	Real Estate Investment Trusts	14,135
Alliance Bernstein	International Equity Active Management	1,002,273
American Century Investments	International Equity Active Management	469,491
Brandywine Asset Management	Global Fixed Income Active Management	181,645
Bridgewater Associates	Global Fixed Income Active Management/Inflation Protection	1,504,092
Dodge & Cox	US Credit/Government Bond Management	260,319
EII Realty Services, Inc.	Real Estate Investment Trusts	226,715
Grantham, Mayo, Van Otterloo	Large Cap Quantitative Management	1,102,717
Heitman Real Estate Securities, LLC	Real Estate Investment Trusts	13,679
Janus Institutional Asset Management	Large Cap Growth Management	769,873
JP Morgan Investment Management	Global Equity Manager	63,968
Loomis, Sayles & Co.	High Yield Fixed Income Active Management	492,995
LSV Asset Management	International Equity Active Management	940,135
Mellon Transition Management	Transition Management Service	369,731
Morgan Stanley Asset Management	International Equity Active Management	1,021,323
Pyramis Global Advisors Trust Company	International Equity Active Management	877,406

Charge Category	Service Provided	Charges
RREEF America LLC	Real Estate Investment Trusts	256,465
Shenkman Capital	High Yield Fixed Income Active Management	258,575
Standish Mellon Asset Management LLC	Cash Management Service	19,719
Stone Harbor Asset Management	Emerging Market Fixed Income Active Management	511,026
Total Separate Account Public Market Management Fees		<u>\$12,266,027</u>

Total Quarterly Charges to Funds

\$54,724,999

**Fees paid to fund managers are established as a percentage of the capital committed. As assets in a fund are sold, the management fees paid are typically reimbursed from the profits of the fund.*

***Expenses for private equity management fees are estimated and adjusted annually based upon committed capital or assets under management, determined by management contract terms. Total committed capital includes management fees. All capital contributions to the limited partnership must first be returned to the limited partners before any incentive fees are paid to the general partner.*

Explanations of Direct Charges

Custodial & Banking Fees

Wisconsin Certificate of Deposit Program: Under a contract with SWIB, Bankers' Bank administers the program under which the State Investment Fund (SIF) purchases certificates of deposit from Wisconsin-based banks and thrifts. Most administrative costs are paid by the participating banks. SWIB's expenses are \$2,500 per quarter to help underwrite other administrative costs, such as insurance that SWIB requires to be purchased.

BNY Mellon: Provides master custody services (safekeeping of assets, income collection, valuations and accounting) for public and private domestic and foreign securities in the Wisconsin Retirement System (WRS), the SIF and the smaller funds. In addition, SWIB receives performance measurement and analytical services from BNY Mellon Analytical Solutions through its custodial contract with BNY Mellon, which serves as the official book of record for SWIB's accounting and performance measurement functions. BNY Mellon provides the data and analytical tools used by SWIB for compliance and risk management. Fees for these services are established by contract.

US Bank: The State of Wisconsin has contracted with US Bank to be the state's working bank. The fees paid to US Bank by the SIF reflect bank service charges that are not directly applicable to the fund participants. These fees are distributed to the fund participants through the monthly SIF earnings process.

Legal Fees, Services and Expenses

Under authority delegated by the Attorney General, pursuant to s. 25.18 (1) (a) Statutes, SWIB may employ legal counsel for any matters arising out of the scope of its investment authority. This includes legal services relating to bankruptcies, class actions, private markets transactions, fiduciary advice, securities law, investment litigation, and other similar matters. Capitalized fees incurred during the asset acquisition process are reported separately as a charge against the value of the asset. The Attorney General annually reviews and approves a list of law firms to provide investment legal services for SWIB and reviews related legal fees.

Investment Counsel

Current law gives SWIB the authority to employ investment counsel in any matters arising out of the scope of its investment authority. Investment research and services provided include global market, industry, economic and company information, financial and performance analytics, news information, pricing and exchange data, credit ratings, financial modeling, economic forecasting, trading services and a variety of Board consultations. These services enable SWIB to perform due diligence on current and future holdings and assist in monitoring investments.

Real Estate Investment Management Services

SWIB hires real estate advisors to assist with sourcing analysis, due diligence and management of real estate investments. SWIB also invests in funds, typically limited partnerships. Each fund either has a general partner or engages a fund manager with delegated authority to make real estate investments for the fund. Real estate advisory fees are usually based on a percentage of assets under management. Fees paid to fund managers are established as a percentage of the capital committed. As assets in a fund are sold, the management fees paid are typically reimbursed from the profits of the fund.

Private Equity Management Fees

SWIB invests in private equity funds, typically limited partnerships that in turn make individual private equity investments. Each fund is managed by its general partner or fund manager with delegated authority. Fees are established as a percentage of the capital committed to each fund or partnership. As assets in a fund are sold, the management fees are typically reimbursed from the profits of the fund.

Public Market Active Management Fees

Within broad guidelines established by SWIB, these managers have been delegated authority to determine strategy and purchase securities in SWIB's name under a separate and distinct account. This relationship is used primarily in the management of international equity and fixed income investments. Fees are typically assessed as a percentage of the market value of assets under management and may include other factors.

BNY Mellon invests the cash from the externally managed portfolios and internally managed global equity and fixed income portfolios that have yet to be invested in stocks or bonds. Due to settlement times around the globe, these funds cannot be effectively managed in the State Investment Fund. The fees are negotiated as part of the custodial contract.

Indexed, Enhanced and Commingled Fees

SWIB has investments in a number of externally managed funds that seek to replicate the returns of a particular public market index (such as the Russell 1000) or seek to enhance the return from a particular public market index through the use of quantitative models or other strategies. SWIB's investments are commingled with other investors, and the underlying securities are owned in the name of the fund manager. Fees are typically based on a percentage of assets under management and may include other factors, such as performance.

Asset Specific Charges

Asset specific charges include expenses that are directly associated with the ongoing activity of an asset such as appraisals or bankruptcy costs. Unlike other expenses reflected in this report, these expenses are netted in gross returns of the asset, consistent with standard industry practices.

STATE OF WISCONSIN INVESTMENT BOARD
Report of Asset Specific Charges and Capitalized Legal Fees - Accrual Basis
Quarter Ending June 30, 2010

Charge Category	Service Provided	Charges
Legal Fees, Services and Expenses		
Foley & Lardner	Private Markets Investment Transactions	\$16,145
Michael Best & Friedrich	Litigation & Private Markets Investment Transactions	2,354
Quarles & Brady	Litigation & Private Markets Investment Transactions	4,418
Reinhart Boerner Van Dueren	Private Markets Investment Transactions	58,875
Robins, Kaplan, Miller & Ciresi L.L.P.	Legal & Accounting Litigation	48,004
Solheim, Billing & Grimmer SC	Private Markets Investment Transactions	8,576
Total Legal Fees, Services and Expenses		<u>\$138,371</u>

Total Asset Specific Charges **\$138,371**

Capitalized Legal Fees		
Michael Best & Friedrich	Litigation & Private Markets Investment Transactions	6,970
Reinhart Boerner Van Dueren	Private Markets Investment Transactions	28,988
Solheim, Billing & Grimmer SC	Private Markets Investment Transactions	<u>9,925</u>

Total Capitalized Legal Fees **\$45,883**

This table includes expenses that are capitalized at the time of acquisition or directly associated with the ongoing activity of an asset such as appraisals or bankruptcy costs. Unlike other expenses listed in this report, these expenses are reflected in the value of the asset or netted in gross returns of the asset, consistent with standard industry practices.

**Wisconsin Retirement System Assets
Internal & External Management**

ATTACHMENT D

Wisconsin Retirement System (WRS)		9/30/2009		12/31/2009		3/31/2010		6/30/2010	
		Amount (in millions)	Percent	Amount (in millions)	Percent	Amount (in millions)	Percent	Amount (in millions)	Percent
Internally Managed		\$29,038	40.9%	\$30,017	41.2%	\$33,338	44.8%	\$30,812	44.6%
Externally Managed Dedicated Accounts		13,984	19.7%	14,332	19.7%	13,395	18.0%	13,476	19.5%
Externally Managed Accounts	Commingled	27,903	39.3%	28,496	39.1%	27,635	37.2%	24,861	36.0%
1. Passive Index Funds		12,014	16.9%	12,530	17.2%	12,646	17.0%	12,025	17.4%
2. Enhanced Index Commingled Funds		6,188	8.7%	5,668	7.8%	4,402	5.9%	2,188	3.2%
3. Limited Partnerships		5,586	7.9%	5,945	8.2%	6,076	8.2%	6,446	9.3%
4. Actively Managed Commingled Accounts		4,116	5.8%	4,353	6.0%	4,511	6.1%	4,203	6.1%
TOTAL WRS Assets		\$70,925	100.0%	\$72,845	100.0%	\$74,368	100.0%	\$69,150	100.0%

